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United States Senate,
Rules and Administration

Staff Present: Jean Bordewich, Staff Director; Josh Brekenfeld, Deputy Staff Director; Adam Ambrogi, Chief Counsel; Veronica Gillespie, Elections Counsel; Kelly Fado, Operations Oversight; Julia Richardson, Counsel; Nicole Tatz, Professional Staff; Lynden Armstrong, Chief Clerk; Matthew McGowan, Professional Staff; Jeff Johnson, Staff Assistant; Mary Suit Jones, Republican Staff Director; Shaun Parkin, Republican Deputy Staff Director; Paul Vinovich, Republican Chief Counsel; Michael Merrell, Republican Elections Counsel; Lindsey Ward, Republican Professional Staff; Trish Kent, Republican Professional Staff; and Rachel Creviston, Republican Professional Staff.

The legislation we are going to discuss today is, in my opinion, a no brainer. It is non-controversial, will save taxpayers about half a million dollars a year, and has wide bipartisan support. It has 24 co-sponsors from both parties, including our Committee

30 colleague, Senator Cochran, and six other Republicans.

31 Senator Tester is here today, and without objection, I would like to welcome him
32 on the dais for the hearing. I strongly applaud my colleague from Montana for pushing
33 this bill because it will cut government spending, strengthen campaign disclosure and
34 make senators comply with the same filing requirements as every other federal
35 candidate.

36 The current paper-based filing procedure for Senate candidates is a relic from
37 an earlier time. Senate candidates are required to submit their campaign reports on
38 paper to the Secretary of the Senate, who then has to scan that information and e-mail
39 it to the Federal Election Commission, which prints it out and mails it to a private
40 contractor. Finally, on receiving thousands of pages in the mail, a private contractor
41 manually types the information into a searchable format and e-mails it back to the FEC,
42 which posts it on their online database.

43 Needless to say, the process is cumbersome, wasteful and time consuming. I
44 strongly believe that timely disclosure of campaign finance reports is crucial to safeguard
45 the integrity of our elections. This bill helps do that. When the legislation passes,
46 Senate candidates will finally join candidates from the House and for the president, being
47 required to file their campaign reports electronically and directly with the FEC rather than
48 indirectly and on paper with the Secretary of the Senate.

49 Not only is e-filing more reliable and makes campaign data available sooner, it
50 also creates significant savings at a time when both parties are searching for ways to
51 reduce our national debt. We will save about \$100,000 a year, and probably even
52 greater savings, although not in the CBO way. We will free up staffers to perform other
53 functions.

54 The FEC estimates it would save them approximately \$430,000 a year from
55 eliminating the need for outside contractors who convert the scanned files into the FEC's
56 electronic database. It would free up two full-time agency positions and would help
57 them with their supply situation.

58 The FEC has included this policy change in its legislative recommendations for
59 Congress for years. Now currently a handful of senators from both parties already
60 voluntarily e-file their campaign reports with the FEC, so we know it works. And as
61 a sign of my own commitment to this legislation, I have recently begun e-filing my
62 reports. Is there any good reason to oppose the legislation? I cannot think of one.
63 But in the past when the bill was brought up, it was sunk by controversial, completely
64 unrelated amendments, or simply blocked. Senator Alexander and I have worked to
65 try and avoid that on bills like this, and by fortunate coincidence, we are the two ranking
66 members of the Rules Committee, so I hope we can get this bill done quickly.

67 Senator Tester's legislation is common sense, bipartisan, and I hope we can all
68 agree on it and do it. Before we turn to Senator Tester to make a statement and the
69 panel of experts, I would like to call on my friend and colleague Senator Alexander. We
70 are so close. This is the third time we are meeting this morning already.

71

72 Senator Alexander. And I am sure not the last.

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74 Chairman Schumer. And not the last.

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76 OPENING STATEMENT OF SENATOR ALEXANDER

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78 Senator Alexander. Thanks, Mr. Chairman. Thank you for having the hearing.
79 Senator Tester, welcome, and welcome to the witnesses. I will ask consent that my
80 entire statement be put in the record—

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82 Chairman Schumer. Without objection.

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84 Senator Alexander. --and make just these comments. I support this
85 legislation. I hope we can bring it out, report it quickly, bring it to the floor. I have
86 previously co-sponsored legislation like this. This bill is better. It has less extraneous

87 matter on it, and I think therefore, it will be better received by the Senate.

88 It is possible that as it makes its way through the Senate, there will be other
89 common sense bipartisan suggestions for how to improve our electoral process, and at
90 that point I hope we can consider those. But I compliment the chairman, Senator
91 Tester, for their work on this. I look forward to joining them and trying to turn it into
92 a law.

93

94 Senator Schumer. Senator Tester, we welcome you to the Committee, and
95 thank you for your leadership here. Your entire statement will be read in the record,
96 but feel free to proceed as you wish.

97

98 OPENING STATEMENT OF SENATOR TESTER

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100 Senator Tester. Thank you, Chairman Schumer, and Ranking Member
101 Alexander. It is a pleasure to be here today with two of my favorite senators. Thank
102 you very much for holding this hearing I think on an important issue.

103 I will apologize first. I have a very important Veterans hearing that I have to go
104 to, so when I get done with my statement, I am going to have to scoot. But as far as
105 S. 219 goes, I think Congress has an obligation to be as transparent and as open as
106 possible. And at a time when we are looking to save some money, we all share the
107 responsibility for identifying places to save taxpayer dollars.

108 This is a rare opportunity that we have in both cutting spending and improving
109 transparency here in Washington, and that's exactly what S. 219, the Senate Campaign
110 Disclosure Parity Act, will do. My bill requires Senate campaign committees to file their
111 campaign finance reports directly and electronically with the Federal Elections
112 Commission, rather than first filing on paper with the Secretary of the Senate.

113 This bill would bring Senate campaign reporting and transparency into the 21st
114 Century by requiring Senate candidates to do what presidential and House candidates
115 have been doing since 2001. In the Senate, we have long exempted ourselves from

116 mandatory electronic filing of campaign reports, holding fast to an outdated system of
117 filing our reports with the Secretary of the Senate.

118 The Secretary of the Senate then prints out reports and delivers reports to the
119 FEC. The FEC then reenters the reports into their computer databases. The system
120 is redundant and it is wasteful. The FEC estimates it would save over \$430,000 a year
121 if they received the reports directly in electronic form from the candidates.

122 I also have serious concerns about the time delays that are a direct result of the
123 current system of disclosure. Citizens are unable to view Senate candidate campaign
124 finance information until weeks or even months after the data is initially filed. For
125 example, campaign finance data filed in the fourth quarter prior to a general election
126 is typically not accessible to the public until the following February, long after the election
127 has taken place.

128 In Montana, accountability and transparency are expected from our elected
129 officials and candidates for public office. We expect to know what our elected officials
130 are up to and who they are raising money from. That is why I have led the charge here
131 to bring more sunlight to Senate campaigns, because I feel so strongly about adding
132 more accountability to Senate campaigns. I already filed my campaign finance
133 disclosure electronically with the FEC, and as the chairman pointed out, so do many
134 other--so do many of the co-sponsors of this bill.

135 If I am going to put this in one sentence, I would say this. We look for common
136 sense measures in the Senate to be done. I think the public expects us to do things
137 that make sense. This makes sense. Thank you for allowing me to be a part of your
138 Committee Chairman Schumer. Thank you for your leadership, Senator Tester.
139 Would you like to make a brief statement, Senator Udall?

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141 Senator Udall. No, but I was fortunate to be here and to hear Senator Tester's
142 statement, and he has moved me, and I am going to join as a co-sponsor on his
143 legislation because of his excellent statement here, even before hearing these
144 distinguished witnesses.

145 So Senator Tester, you have one more. I believe you have 24. I guess I am
146 number 25 here, to try to move it along.

147

148 Chairman Schumer. But a very important 25. I think this seals the deal.
149 Thank you. And we know you have to leave, Senator Tester, but thank you for being
150 here.

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152 Senator Tester. Thank you.

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Chairman Schumer. Okay, let me introduce our two witnesses. Ms. Nancy Erickson, who we all know, and I think I can speak for all of us, know and love, has served as Secretary of the Senate since 2007. She is only the sixth woman to hold the position. She worked for 16 years in the office of former Senator Tom Daschle in various legislative scheduling constituent outreach services. As Secretary of the Senate, she oversees the filing of Senate candidates' campaign finance reports.

Paul Ryan is the senior counsel at the Campaign Legal Center, where he has worked since 2004. He is the former political reform director at the Center for Government Studies and an expert on campaign finance and election law, and he has litigated many key cases, published numerous articles, and testified before Congress on these issues.

165 Both witnesses' statements will be read into the record in their entirety, and Ms.
166 Erickson, you may proceed.

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168 STATEMENT OF THE HONORABLE NANCY ERICKSON, SECRETARY OF THE
169 SENATE

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171 Ms. Erickson. Good morning. I appreciate this invitation to discuss the impact
172 that the implementation of S. 219, the Senate Campaign Disclosure Parity Act, would
173 have on the Office of Public Records, one of 26 departments under the Office of the

174 Secretary.

175 Current law requires the secretary to receive Senate campaign reports as a
176 custodian for the Federal Election Commission (FEC). The Secretary is required to
177 forward Senate campaign reports to the FEC within two working days upon receipt.

178 Since the enactment of the Federal Election Campaign Act of 1972 FECA, the
179 Secretary's Office of Public Records has been a filing location for Senate FECA
180 documents which have been submitted by Senate candidates in paper form. In
181 response to the Committee's inquiry, I can confirm for you that House candidates file
182 their reports directly with the FEC.

183 From our observations, many Senate campaign filers already use the FEC's
184 electronic system to prepare their reports, only to then print the pages for delivery to
185 the Office of Public Records. In addition to filing with the Office of Public Records,
186 Senate candidates also have the option of voluntarily filing electronically with the FEC,
187 which makes those electronic reports available as unofficial Senate electronic filings.

188 A few filers take this additional step of voluntarily submitting their campaign
189 reports electronically.

190 My office takes seriously its responsibility to implement Senate policy in an
191 effective and cost efficient manner. To date, Public Records has developed a
192 processing system that involves accepting and date stamping reports, copying the date
193 stamp on the report's mailing envelope as requested by the FEC, scanning and indexing
194 those reports, then making them available to the public as soon as possible, usually the
195 following day through an internal database that can be viewed on public terminals in
196 232 Hart Senate Office Building.

197 Despite the fact that the statute allows the Office of Public Records two days to
198 transmit reports to the FEC, reports are typically transmitted to the FEC the same day
199 they are received. Our office also stores and archives the reports.

200 Over the years the Office of Public Records has streamlined this process utilizing
201 a high volume scanner and transmitting reports to the FEC over an internet connection
202 instead of relying on a T-1 telecom line, saving our office \$5,000 a year. Despite using

203 the most modern tools available, the processing of paper documents remains labor
204 intensive.

205 As you know, the size of FEC reports varies during the election and non-election
206 years. In 2010, Public Records processed 6,410 total reports consisting of 522,210
207 pages. One report alone exceeded 9,000 pages. In 2011, a non-election year, the
208 numbers decreased to 3,486 filings and 223,734 pages. Since the first of this year,
209 Public Records has processed 1,955 reports and 157,032 pages.

210 S. 219 requires all Senate candidates to file election campaign reports directly
211 with the FEC. I understand that this would have the effect that candidates with more
212 than \$50,000 in contributions or expenditures would be required to file electronically
213 with the FEC. As an officer of the Senate, the Secretary defers policy decisions to the
214 Senate, and my office stands ready to implement this proposed change without delay
215 should the Senate approve the measure.

216 S. 219-related cost savings for the Office of Public Records would include staff
217 hours of 1.5 Public Record staffers to process FEC reports. Such savings in labor hours
218 would be beneficial to our operations, especially since we have been given new
219 implementation responsibility under the STOCK Act, and our budget, like other legislative
220 branch agencies, has been significantly cut.

221 As you know, the STOCK Act will expand paper financial disclosure filings in the
222 short term to include periodic transaction reports which will initially require scanning and
223 indexing paper reports in a system similar to the current one used for FEC reports.

224 The Sergeant at Arms, which provides technical support for the Office of Public
225 Records' highly customized FEC and Lobbying Disclosure Act filing systems and
226 databases, must periodically upgrade the FEC processing application for maintenance
227 purposes. The last major upgrade of the system took four months of staff time from
228 Sergeant at Arms technical staff. Elimination of the current FEC processing system and
229 database would result in Sergeant at Arms manpower savings and would allow that
230 organization to redirect resources and manpower to our joint effort to build an electronic
231 financial disclosure system.

232 Again, I appreciate the opportunity to share information on the important work
233 of our Office of Public Records. Our office has appreciated the support of the
234 Committee over the years on a variety of issues. And in particular, I want to express
235 my appreciation for your support as we implemented new electronic lobbying filing
236 requirements under the Honest Leadership Open Government Act.

237 We stand ready to implement S. 219 if enacted. Thank you.

238

239 [The prepared statement of Ms. Erickson is included in the record]

240

241 Chairman Schumer. Thank you, Madam Secretary. And now we will hear from
242 Mr. Ryan.

243

244 STATEMENT OF PAUL RYAN, THE CAMPAIGN LEGAL CENTER

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246 Mr. Ryan. Good morning, Mr. Chair, distinguished Committee members.
247 Thank you for this opportunity to provide my views this morning on S. 219, the Senate
248 Campaign Disclosure Parity Act. I have submitted more detailed written testimony for
249 the record.

250 The improvement in Senate-related campaign finance disclosure that would
251 result from the passage of S. 219 is long overdue and the Campaign Legal Center
252 strongly supports this bill.

253 All or nearly all federal candidates and political committees compile their
254 campaign finance data using computers and sophisticated software. Computerization
255 of this data collection process has been the norm for more than a decade. Nearly all
256 candidates for the House of Representatives and the Office of President, and nearly all
257 federal political committees, also file their campaign finance disclosure reports
258 electronically directly with the FEC.

259 This data is then made available to the public quickly in a searchable format via
260 the FEC's website typically within 24 hours. Senate candidates, however, willfully
261 remain stuck in the Dark Ages, filing their disclosure reports on paper and denying the
262 public timely access to the information that the Supreme Court has repeatedly
263 recognized as being vital to democracy.

264 In *Citizens United v. FEC*, for example, eight of the Supreme Court's nine justices
265 upheld a challenge disclosure law and stressed the importance of timely disclosure,
266 noting that "modern technology makes disclosure rapid and informative." The Court
267 continued, "with the advent of the internet, prompt disclosure of expenditures can
268 provide shareholders and citizens with the information needed to hold corporations and
269 elected officials accountable for their positions and supporters. This transparency
270 enables the electorate to make informed decisions and give proper weight to different
271 speakers and messages."

272 Though modern technology and internet undoubtedly make rapid and prompt
273 disclosure possible, the Senate has, for more than a decade, refused to utilize such
274 technology. Under current law, senators compile their campaign finance data
275 electronically, but then nonsensically hit the print button and file their disclosure reports
276 with the Secretary of the Senate in paper format.

277 The reports are then scanned into an electronic format and delivered to the FEC,
278 which then prints the reports once again and reportedly spends more than \$400,000
279 per year paying people to convert this data back into a searchable digital format that's
280 eventually uploaded to the FEC's website and finally made accessible to the public.

281 This process can take weeks and may deny voters the important campaign
282 finance data critical to their decision making on election day until after election day.
283 What reason can the Senate possibly have for clinging to the archaic paper-based
284 disclosure system? Unless the Senate's goal is to deny voters important information
285 and waste millions of taxpayer dollars in the process in this time of fiscal crisis, the
286 Campaign Legal Center can fathom no excuse for the Senate's continued refusal to
287 mandate electronic filing of campaign finance disclosure reports.

288 S. 219 presents a simple tax dollar saving fix to the Senate's broken disclosure
289 system. Under S. 219, Senate candidates and committees would file campaign finance
290 disclosure reports electronically with the FEC by the same rules applicable to all other
291 federal political committees and candidates. Enactment of S. 219 would save
292 candidates and committees the printing costs of this present paper-based system and
293 would save taxpayers the needless expense of turning those paper reports back into
294 digital searchable format.

295 More importantly, enactment of S. 219 would bring Senate-related campaign
296 finance disclosure in step with the rapid, prompt and effective disclosure promised to
297 voters by the Supreme Court in Citizens United, "enabling the electorate to make
298 informed decisions and give proper weight to different speakers and messages."

299 We call on the Senate to schedule an up or down vote on S. 219 immediately
300 and to pass this long overdue legislation. Thank you again for this opportunity to testify
301 before you today.

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303 [The prepared statement of Mr. Ryan is included in the record]

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305 Chairman Schumer. Well, thank you. And I want to thank both of you. As a
306 testament to the completeness of your testimony and the need for this bill, and I think
307 its lack of controversy, I do not have any questions. Senator Alexander?

308

309 Senator Alexander. I thank both witnesses for their testimony, and neither do
310 I have questions.

311

312 Chairman Schumer. Senator Udall?

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314 Senator Udall. I am on the same wave length as both of you and very much
315 appreciate the witnesses being here. And I appreciate our Secretary of the Senate, who
316 does a very, very good job for us.

317

318 Chairman Schumer. I agree with those kudos. Okay, so I believe this
319 legislation is something we can get behind. I am going to work with my friend, Senator
320 Alexander, to move it quickly out of committee and through the Senate. Obviously, if
321 there are similar provisions that have the same kind of bipartisan support, I would have
322 no objection to hearing--doing them all together, and my guess, without having talked
323 to him, neither would Senator Reid.

324 So, without objection, the hearing record will remain open for 10 business days
325 for additional statements and documents submitted for the record. We also request that
326 our witnesses respond in writing to additional written questions from Committee
327 members.

328 I want to thank my colleagues, Senator Udall, Senator Alexander, as well as
329 Senator Tester, for being here. The hearing is now adjourned.

330

331 [Whereupon, at 10:00 a.m., the Committee was adjourned.]